

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

DOYLE WHEELER and CARRI)
WHEELER, husband and wife,)
individually and on behalf of similarly)
situated Washington residents,)

Plaintiffs,)

v.)

NOTEWORLD, LLC, d/b/a)
NOTEWORLD SERVICING CENTER, a)
Delaware limited liability company;)
NATIONWIDE SUPPORT SERVICES,)
INC., a California corporation;)
FREEDOM DEBT CENTER, a California)
corporation; and JOHN AND JANE)
DOES A-K,)

Defendants.)

NO. CV-10-202-LRS

CLASS ACTION

CLASS ACTION COMPLAINT
AND JURY DEMAND

CLASS ACTION COMPLAINT AND
JURY DEMAND: 1

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I. INTRODUCTION

1. Defendants act in concert to perpetuate an unfair, deceptive, and indeed criminal business scheme injurious to Washington residents and violative of Washington's Debt Adjuster Statute, chapter 18.28 RCW and Washington's Consumer Protection Act, chapter 19.86 RCW.

2. Named Plaintiffs, individually and on behalf of similarly situated Washington consumers, bring this action for purposes of enjoining such misconduct, thereby forestalling injury to Washington consumers. Named Plaintiffs, further, seek compensatory relief for Washington residents who have suffered loss as a result of Defendants' business scheme.

II. PARTIES

3. **Plaintiffs Doyle Wheeler and Carri Wheeler:** Plaintiffs Doyle Wheeler and Carri Wheeler ("Wheeler") are husband and wife, domiciled in the state of Washington and residents of Spokane County. The Wheelers are members of the three proposed Classes and are victims of wrongdoing alleged in this Complaint.

4. **Defendant NoteWorld, LLC, d/b/a NoteWorld Servicing Center:** Defendant NoteWorld, LLC, d/b/a NoteWorld Servicing Center ("NoteWorld") is a

1 limited liability company organized under the laws of Delaware. NoteWorld has its
2 principal place of business in Tacoma, Washington.

3
4 **5. Defendant Nationwide Support Services, Inc.:** Nationwide Support
5 Services, Inc. ("Nationwide") is a corporation organized under the laws of
6 California. Nationwide has its principal offices in Irvine, California. Nationwide
7 does business throughout the United States, including the state of Washington.

8
9 **6. Defendant Freedom Debt Center:** Defendant Freedom Debt Center
10 ("FDC") is a domestic corporation organized under the laws of California. FDC
11 has its principal offices in Irvine, California. FDC does business throughout the
12 United States, including the state of Washington.

13
14 **7. Defendants John and Jane Does A-E:** John and Jane Does A-E are
15 managing agents of Nationwide, NoteWorld, and/or FDC whose identities are not
16 presently known to Plaintiffs, who exercised close control, direction, and
17 management over their respective businesses in respect of misconduct alleged in
18 this Complaint; who participated in or with knowledge approved of the business
19 conduct alleged in this Complaint; or who otherwise engaged in conduct in
20 violation of chapters 19.86 and 18.28 RCW.

21
22 **8. Defendants John and Jane Does F-K:** John and Jane Does F-K are
23 business affiliates, partners, alter egos, or co-conspirators with named Defendants
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CLASS ACTION COMPLAINT AND
JURY DEMAND: 3

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1 who tortuously participated in the wrongdoing alleged in this Complaint or aided
2 and abetted named Defendants in the violation of chapter 18.28 RCW and/or
3 chapter 19.86 RCW.
4

5 6 **III. JURISDICTION AND VENUE**

7 9. This Court has original jurisdiction over this matter pursuant to 28
8 U.S.C. § 1332(d)(2). Based on information and belief, the matter in controversy
9 exceeds the sum or value of \$5,000,000 exclusive of interest and is a class action
10 composed of more than 100 members and in which at least one member of the Class
11 is a citizen of a state different from that of a Defendant.
12

13 10. This Court has personal jurisdiction over each of the Defendants.
14

15 11. Venue is proper pursuant to 28 USC § 1391(b)(2) in that the events
16 that gave rise to claims occurred in substantial part in this federal district.
17

18 **IV. FACTS**

19 12. NoteWorld, Nationwide, and FDC are co-conspirators and joint actors
20 involved in carrying out a common business enterprise injurious to Washington
21 consumers.
22

23 13. NoteWorld is a for-profit company engaged in the business of
24 receiving funds from consumers for the purpose of distributing said funds among
25
26

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JURY DEMAND: 4

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1 creditors in payment or partial payment of obligations of debtors. In this regard,
2 NoteWorld is a debt adjuster within the meaning of chapter 18.28 RCW.

3
4 14. This action is brought on behalf of a NoteWorld Class composed of
5 Washington residents for whom NoteWorld performed the debt adjusting services
6 specified in the preceding paragraph pursuant to a "Sign-Up Agreement" or like
7 contract.
8

9 15. Nationwide is a for-profit company and business partner of NoteWorld
10 engaged in managing, counseling, settling, adjusting, prorating, and liquidating the
11 indebtedness of debtors. In this regard, Nationwide is a debt adjuster within the
12 meaning of chapter 18.28 RCW.
13

14 16. This action is brought on behalf of a Nationwide Class composed of
15 Washington residents for whom Nationwide performed debt adjusting services
16 identified in the preceding paragraph.
17

18 17. FDC is a for-profit company that holds itself out to Washington
19 consumers as engaged in managing, counseling, settling, adjusting, prorating, and
20 liquidating the indebtedness of debtors and who contracts with Washington
21 consumers for such services. In this regard, FDC is a debt adjuster within the
22 meaning of chapter 18.28 RCW.
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CLASS ACTION COMPLAINT AND
JURY DEMAND: 5

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1 18. This action is brought on behalf of a FDC Class composed of
2 Washington residents who contracted with FDC with respect to debt adjusting
3 services identified in the preceding paragraph.
4

5 19. NoteWorld, Nationwide, and FDC, acting in concert, perform
6 functions instrumental to the carrying out of an illegal debt adjusting enterprise that
7 victimizes Washington consumers.
8

9 20. NoteWorld promotes, establishes, maintains and manages debt
10 settlement accounts on behalf of NoteWorld Class members as an integral
11 component of debt settlement programs marketed by in excess of one-hundred
12 “front-end” debt settlement partners, including FDC.
13

14 21. Additional “front-end” debt settlement companies with whom
15 NoteWorld has partnered, as presently known, include Accredited Financial
16 Corporation, Amber Network Inc., Best Debt Options, Beyond Financial Service,
17 Brite Credit Inc. (doing business as Brite Credit 1 2 3), Century Negotiations Inc.,
18 Clear Debt Solution, Coastal Debt Solutions LLC, Consumerwise Debt Solutions,
19 Inc., Counsel 4 Debt Relief, Countrywide Debt Solutions, Inc., Credit Care
20 Corporation, CreditCarePro, Debt Help Center USA, Debt National Relief, Debt
21 Reinvestment, Debt Solutions, DebtEraseInc, DebtPointer Inc., DebtPro LLC, DTS
22 Financial Group, E.A.C. Financial LLC, Inc., FBL Associates, Freedom Debt
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CLASS ACTION COMPLAINT AND
JURY DEMAND: 6

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1 Solutions, Help Settle LLC, Helpsettle.com, Innovative Debt Solutions, Lifeguard
 2 Financial, Maximum Debt Solutions, Morgan Stevens Financial Solutions
 3 Company, National Financial Freedom LLC, Nationwide Consumer Advocacy
 4 Group, On Track Financial LLC, Personal Debt Systems of America, Princeton
 5 Debt Management LLC, Reduce My Debt, LLC, Settle A Debt Inc., Settlement
 6 Corporation of America, SilverLeaf Debt Solutions, The Debt Answer, The Debt
 7 Cure, US Consumer Support, Vision Debt.com, and World Debt Solutions.

10 22. "Front-end" debt settlement companies, including FDC, hold
 11 themselves out through unsolicited phone calls, spam email, junk mail, Internet
 12 solicitations, television advertising, and radio advertising, as providing debt
 13 adjusting services for consumers indebted with credit card debt.

16 23. NoteWorld, in partnership with Nationwide, performs the actual "back-
 17 end" debt adjusting services for consumers to whom "front-end" debt adjusting
 18 companies have successfully marketed debt settlement programs.

20 24. "Front-end" debt adjusting companies, such as FDC, thus, are feeder
 21 marketing agents for NoteWorld and Nationwide and engaged in securing debt
 22 settlement clients for NoteWorld and Nationwide.

24 25. Nationwide itself fosters the development of such feeder "front-end"
 25 debt adjusting companies through a "fast-track" program whereby individuals with
 26

CLASS ACTION COMPLAINT AND
 JURY DEMAND: 7

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1 little or no resources or experience can become affiliates of Nationwide and
2 NoteWorld, capable of holding themselves out to consumers as successful
3 businesses actually engaged in helping consumers avoid bankruptcy by negotiating
4 settlement of consumers' credit card debt.
5

6 26. NoteWorld, Nationwide, FDC, and affiliated "front-end" debt
7 settlement companies promote debt settlement programs through standardized
8 contracts. These contracts include a debt settlement agreement with the "front-end"
9 debt settlement marketing company and a "Sign-up Agreement" with NoteWorld.
10

11 27. The subject debt settlement programs, effectuated through these
12 agreements, universally involve the following material elements:
13

14 a. The consumer agrees to pay specified debt settlement fees that,
15 unknown to the consumer, are criminally illegal and *per se* unfair, rendering
16 the debt settlement agreement *void ab initio* by operation of statute. The
17 subject fees are the source of profit for the "front-end" debt settlement
18 company and its "back-end" partner, Nationwide.
19

20 b. NoteWorld, in exchange for additional fees to be paid by the
21 consumer is engaged to establish, maintain, and manage a debt settlement
22 account instrumental to carrying out the subject debt settlement program
23 promoted by the "front-end" debt settlement company. The debt settlement
24
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26

1 account is established for the professed purpose of accumulating funds with
2 which to pay settlements, when negotiated by the "front-end" debt adjuster.
3
4 NoteWorld, is authorized to automatically transfer from the consumer's
5 private bank account and into the debt settlement account monthly debt
6 settlement program payments, as specified in the void debt settlement
7 agreement. The program's success, and the consumer's ability to financially
8 afford the monthly debt settlement program payments presupposes that the
9 consumer does not make payments on his credit card debt.
10

11
12 c. NoteWorld, further, is granted authority to automatically and
13 periodically debit the subject debt settlement account to pay the unlawful
14 and unowed debt settlement fees specified in the debt settlement agreement
15 and "Sign-up Agreement."
16

17 d. The predatory nature of the debt settlement fees is such that
18 fees entirely consume consumers' monthly debt settlement payments for the
19 first several months of participation in the debt settlement program. The
20 fees substantially consume consumers' monthly payments for the balance of
21 their participation in the debt settlement program.
22
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1 28. Faced with endemic predatory practices in the debt adjuster industry,
2 most states have adopted statutes regulating debt adjuster activities, including
3 limitations on fees that consumers may be charged.
4

5 29. In this regard, Washington's Debt Adjusting statute, chapter 18.28
6 RCW, prohibits abusive debt adjuster practices, including charging of predatory
7 fees.
8

9 30. The gravity of Washington's public policy of protecting its citizens
10 from predatory debt adjuster practices is reflected in RCW 18.28.190, which
11 provides that any person who violates any provision of Washington's Debt
12 Adjusting statute, or aids or abets such violation, "is guilty of a misdemeanor."
13

14 31. The central role of private civil actions in the enforcement of
15 Washington's Debt Adjusting statute is reflected in RCW 18.28.185, which declares
16 that a violation of the Debt Adjusting statute constitutes an unfair or deceptive act
17 or practice under Washington's Consumer Protection Act, chapter 19.86 RCW.
18

19 32. At all times material to allegations made in this Complaint, Defendants
20 were mindful of the history of predatory practices in the debt adjusting industry and
21 mindful of regulations governing that industry, including those of Washington.
22

23 33. Named Plaintiffs are Washington residents who received through
24 "front-end" debt settlement company FDC, solicitation materials regarding
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CLASS ACTION COMPLAINT AND
JURY DEMAND: 10

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1 participation in a debt settlement program having the features detailed in paragraph
2 27 of this Complaint, involving debt adjusting services to be performed by
3 NoteWorld and Nationwide, who participated in such a program, and for whom
4 NoteWorld and Nationwide performed debt adjusting services.
5

6 34. RCW 18.28.080(1) provides that a debt adjuster's initial charge may be
7 no more than twenty-five dollars (\$25). Initial charges associated with debt
8 settlement programs carried out by NoteWorld and Nationwide, and promoted by
9 their "front-end" affiliates, including FDC, substantially and invariably exceed \$25.
10

11 35. NoteWorld and Nationwide knew that the initial fees involved in debt
12 settlement programs carried out by them, and as promoted by their affiliates,
13 including FDC, were criminally illegal and unfair in that they exceeded the amount
14 permitted by RCW 18.28.080(1), rendering the debt settlement contract void.
15

16 36. NoteWorld, nonetheless, initiated automatic transfers from NoteWorld
17 Class members' private bank accounts, including Wheeler's, for purposes of paying
18 the illegal and unowed fees, and NoteWorld thereafter paid the illegal and unowed
19 fees, all for the purpose of carrying out the subject debt settlement programs and
20 unjustly enriching itself. NoteWorld's misconduct is continuing in nature.
21

22 37. Nationwide, nonetheless, performed debt adjusting services for
23 Nationwide Class members, including Wheeler, pursuant to the void contracts and
24
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1 directly or indirectly secured for itself a portion of the illegal and unowed fees paid
2 by consumers, including those paid by Wheeler. Nationwide's misconduct is
3 continuing in nature.
4

5 38. FDC, nonetheless, promoted, contracted for, and carried out (or held
6 itself out to consumers as carrying out) debt adjusting services for FDC Class
7 members, including Wheeler, and directly or indirectly secured for itself a portion
8 of the illegal and unowed fees paid by FDC Class members.
9

10 39. RCW 18.28.080(1) provides that the fee retained by a debt adjuster
11 from any one payment made by a debtor may not exceed fifteen percent (15%) of
12 the payment.
13

14 40. NoteWorld and Nationwide knew that fees associated with the debt
15 settlement programs carried out by them, and promoted by their "front-end"
16 affiliates, including FDC, substantially and invariably exceeded 15% of any one
17 payment made by the consumer.
18

19 41. NoteWorld, nonetheless, initiated automatic transfers from NoteWorld
20 Class members' private bank accounts, including Wheeler's, for purposes of paying
21 the illegal and unowed fees and thereafter paid the illegal and unowed fees, all for
22 the purpose of carrying out the subject debt settlement programs and unjustly
23 enriching itself. NoteWorld's misconduct is continuing in nature.
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1 42. Nationwide, nonetheless, performed debt adjusting services for
2 Nationwide Class members, pursuant to the void contracts, and directly or indirectly
3 secured for itself a portion of the illegal and unowed fees paid by Nationwide Class
4 members, including Wheeler. Nationwide's misconduct is continuing in nature.

5
6 43. FDC, nonetheless, promoted, contracted for, carried out (or held itself
7 out as carrying out) debt adjusting services for FDC Class members, including
8 Wheeler, and directly or indirectly secured for itself a portion of the illegal and
9 unowed fees paid by FDC Class members, including those paid by Wheeler.

10
11 44. RCW 18.28.080(1) provides that the total fees for debt adjusting
12 services may not exceed 15% of the total debt listed by the debtor on the contract.

13
14 45. The debt settlement contracts of certain of the "front-end" debt
15 settlement affiliates of NoteWorld and Nationwide, including FDC, expressly
16 provided that consumers must pay debt adjusting fees exceeding 15% of the total
17 debt listed on the contract.

18
19 46. NoteWorld and Nationwide knew that fees associated with certain of
20 their affiliates, including FDC, exceeded 15% of the consumers' total listed debt.

21
22 47. NoteWorld, nonetheless, initiated automatic transfers from NoteWorld
23 Class members' private bank accounts, including Wheeler's, for purposes of paying
24 the illegal and unowed fees and thereafter paid the illegal and unowed fees,
25
26

1 including those of FDC, from the debt settlement accounts it managed, all for the
2 purpose of carrying out the illegal debt adjuster enterprise and unjustly enriching
3 itself.
4

5 48. RCW 18.28.110 provides that every debt adjuster shall perform the
6 functions specified under RCW 18.28.110.
7

8 49. NoteWorld owed to NoteWorld Class members, including Wheeler,
9 those duties imposed by RCW 18.28.110.
10

11 50. RCW 18.28.110(1) provides that all payments not distributed to
12 creditors shall be kept and maintained in this state, as shall all records pertinent to
13 such payments.
14

15 51. NoteWorld's Sign-Up Agreements with NoteWorld Class members,
16 including Wheeler, provided that debt settlement funds may be maintained outside
17 the state of Washington at NoteWorld's election.
18

19 52. RCW 18.28.110(4) provides that the debt adjuster must distribute to
20 creditors at least once each forty days after receipt of payment at least eighty-five
21 percent (85%) of each payment received from the debtor.
22

23 53. The debt settlement programs for which NoteWorld performed debt
24 adjusting services for NoteWorld Class members, in their intrinsic nature, required
25 that debt settlement funds not be distributed in accordance with RCW 18.28.110(4).
26

1 54. NoteWorld knowingly maintained and managed NoteWorld Class
2 members' debt settlement accounts, including Wheeler's, in violation of RCW
3 18.28.110(4), all for the purpose of carrying out the illegal debt adjuster enterprise
4 detailed in this Complaint.
5

6 55. RCW 18.28.090 provides: "If a debt adjuster contracts for, receives or
7 makes any charge in excess of the maximums permitted by this chapter, except as
8 the result of an accidental and bona fide error, the debt adjuster's contract with the
9 debtor shall be void and the debt adjuster shall return to the debtor the amount of all
10 payments received from the debtor or on the debtor's behalf and not distributed to
11 creditors."
12

13 56. NoteWorld and Nationwide knew that the debt settlement contracts of
14 their "front-end" debt settlement affiliates, including FDC, were *void ab initio*.
15

16 57. NoteWorld and Nationwide, nonetheless, performed debt adjusting
17 services pursuant to those void contracts on behalf of respective NoteWorld and
18 Nationwide Class members, for purposes of carrying out the illegal debt adjuster
19 enterprise, and for purposes of unjustly enriching themselves at the expense of
20 NoteWorld and Nationwide Class members.
21

22 58. NoteWorld, Nationwide, and FDC, in concert, violated chapter 18.28
23 RCW and knowingly aided and abetted the violation of chapter 18.28 RCW for
24
25
26

1 purposes of carrying out the illegal debt adjuster enterprise detailed in this
2 Complaint and for the purpose of unjustly enriching themselves.
3

4 **V. CLAIMS**

5 **A. Injunctive Relief as to NoteWorld.**

6 59. Washington consumers generally, including NoteWorld Class
7 members, remain unaware that the subject debt adjuster fees are criminally illegal,
8 and that the subject fee practices constitute an unfair business practice.
9

10 60. NoteWorld Class members remain unaware that their debt settlement
11 contracts are void.
12

13 61. NoteWorld Class members remain unaware that they are entitled to
14 return of all payments made not distributed to creditors.
15

16 62. Defendants' wrongdoing is continuing in nature.

17 63. NoteWorld is in possession of funds belonging to NoteWorld Class
18 members, secured pursuant to void contracts and through illegal and unfair business
19 practices.
20

21 64. NoteWorld, on a continuing basis, is engaged in transferring
22 NoteWorld Class members' funds into debt settlement accounts for purposes of
23 paying criminally illegal and unowed debt adjuster fees.
24
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1 65. NoteWorld, on a continuing basis, is engaged in paying illegal and
2 unowed fees from NoteWorld Class members' debt settlement accounts.

3
4 66. NoteWorld's affiliates, including FDC, are engaged in continuing
5 solicitation of consumers for participation in debt settlement programs having the
6 illegal features detailed in this Complaint.

7
8 67. NoteWorld Class members and the general public are suffering and
9 will suffer continuing, immediate, and irreparable injury, absent the issuance of
10 injunctive relief, including an order enjoining further violation of chapter 18.28
11 RCW and chapter 19.86 RCW.

12
13 68. NoteWorld Class members have no complete, speedy, and adequate
14 remedy at law with respect to Defendants' continuing misconduct.

15
16 69. Preliminary and final injunctive relief directed at NoteWorld is
17 necessary to prevent further injury to NoteWorld Class members and the general
18 Washington public. Such relief includes:

19
20 a. An order that NoteWorld hold in trust, until further direction of
21 this Court, all proceeds directly or indirectly received from NoteWorld Class
22 members;

23
24 b. An order directing that NoteWorld promptly provide to the
25 Court a full accounting of:
26

i) the identity of each NoteWorld Class member;

ii) the funds held in the debt settlement accounts of each NoteWorld Class member;

iii) the identities of each NoteWorld affiliate to whom distributions have been made from the subject debt settlement accounts and the amounts of such distributions;

c. An order enjoining NoteWorld from transferring NoteWorld Class member funds into the subject debt settlement accounts;

d. An order enjoining NoteWorld from paying fees from NoteWorld Class members' debt settlement accounts;

e. An order directing the final disbursal of NoteWorld Class member funds held by NoteWorld; and

f. An order enjoining NoteWorld from engaging in further conduct violating or aiding and abetting the violation of chapter 18.28 RCW or chapter 19.86 RCW.

B. Injunctive Relief as to Nationwide.

70. Nationwide Class members and Washington consumers generally, remain unaware that the subject debt adjuster fees are criminally illegal and that the subject fee practices constitute an unfair business practice.

1 71. Nationwide Class members remain unaware that their debt settlement
2 contracts are void.

3
4 72. Nationwide Class members remain unaware that they are entitled to
5 return of all payments made not distributed to creditors.

6 73. Nationwide Class members remain generally unaware that Nationwide
7 is the actual debt settlement company performing debt adjusting services for
8 Nationwide Class members.
9

10 74. Nationwide and its affiliates, including FDC, are engaged in
11 continuing solicitation of consumers for participation in debt settlement programs
12 having the illegal features detailed in this Complaint.
13

14 75. Nationwide, on a continuing basis, is engaged in performing debt
15 adjusting services pursuant to void debt settlement contracts and unjustly profiting
16 from such conduct at the expense of Nationwide Class members.
17

18 76. The true identities of all Nationwide affiliates for whom Nationwide
19 performs "back-end" debt adjusting services pursuant to void and illegal debt
20 settlement contracts, remains unknown.
21

22 77. Nationwide Class members and the general public are suffering and
23 will suffer continuing, immediate, and irreparable injury, absent the issuance of
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1 injunctive relief, including an order enjoining further violation of chapter 18.28
2 RCW and chapter 19.86 RCW.

3
4 78. Nationwide Class members have no complete, speedy, and adequate
5 remedy at law with respect to Nationwide's continuing misconduct.

6
7 79. Preliminary and final injunctive relief directed at Nationwide is
8 necessary to prevent further injury to Nationwide Class members and the general
9 Washington public. Such relief includes:

10 a. An order directing that Nationwide promptly provide to the
11 Court a full accounting of:

12 i) the true identities of each "front-end" affiliate for whom
13 Nationwide provides "back-end" debt adjusting services;

14 ii) the true identities of each Nationwide affiliate from
15 whom Nationwide has received compensation or other consideration
16 for performing debt adjusting services to Nationwide Class members
17 and the amounts of such compensation received;

18 b. An order enjoining Nationwide from directly or indirectly
19 receiving debt adjusting fees from Nationwide Class members; and
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1 c. An order enjoining Nationwide from engaging in further
2 conduct violating or aiding and abetting the violation of chapter 18.28 RCW
3 or chapter 19.86 RCW.
4

5 **C. Injunctive Relief as to FDC.**

6 80. FDC Class members and the general public remain unaware that the
7 debt adjuster fees specified in FDC's debt settlement contract are criminally illegal
8 and that the subject fee practices constitute an unfair business practice.
9

10 81. FDC Class members remain unaware that their debt settlement
11 contracts are void.
12

13 82. FDC Class members remain unaware that they are entitled to return of
14 all payments made not distributed to creditors.
15

16 83. FDC is engaged in continuing solicitations of Washington consumers
17 for participation in debt settlement programs having the illegal features detailed in
18 this Complaint.
19

20 84. FDC on a continuing basis, is engaged in performing, or holding itself
21 out as performing, debt adjusting services pursuant to void debt settlement contracts
22 and unjustly profiting from such conduct at the expense of FDC Class members and
23 the general public.
24
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1 85. FDC Class members and the general public are suffering and will
2 suffer continuing, immediate, and irreparable injury, absent the issuance of
3 injunctive relief, including an order enjoining further violation of chapter 18.28
4 RCW and chapter 19.86 RCW.
5

6 86. FDC Class members and the general public have no complete, speedy,
7 and adequate remedy at law with respect to FDC's continuing misconduct.
8

9 87. Preliminary and final injunctive relief directed at FDC is necessary to
10 prevent further injury to FDC Class members and the Washington public generally.
11 Such relief includes:
12

13 a. An order enjoining FDC from directly or indirectly receiving
14 fees from FDC Class members; and
15

16 b. An order enjoining FDC from engaging in further conduct
17 violating or aiding and abetting the violation of chapter 18.28 RCW or
18 chapter 19.86 RCW.
19

20 **D. Consumer Protection Act Liability.**

21 88. NoteWorld, for compensation, received and managed funds of named
22 Plaintiffs and NoteWorld Class members for purpose of distributing said funds
23 among creditors in partial payment of obligations.
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CLASS ACTION COMPLAINT AND
JURY DEMAND: 22

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1 89. Nationwide, for compensation, managed, counseled, settled, adjusted,
 2 prorated or liquidated the indebtedness of named Plaintiffs and Nationwide Class
 3 members or held itself out as doing so.
 4

5 90. FDC, for compensation, held itself out to named Plaintiffs and to FDC
 6 Class members as engaged in managing, counseling, settling, adjusting, prorating or
 7 liquidating the indebtedness of debtors, and/or engaged in such activities with
 8 respect to named Plaintiffs and FDC Class members.
 9

10 91. NoteWorld, Nationwide, and the "front-end" affiliates of each,
 11 including FDC, are debt adjusters and otherwise engaged in debt adjusting within
 12 the meaning of chapter 18.28 RCW and with respect to conduct alleged in this
 13 Complaint.
 14

15 92. NoteWorld, Nationwide, and FDC violated chapter 18.28 RCW and
 16 otherwise engaged in unfair and deceptive acts or practices, committed in trade or
 17 commerce, impacting the public interest, which conduct proximately caused injury
 18 or harm to named Plaintiffs and members of the NoteWorld Class, Nationwide
 19 Class, and FDC Class in their business or property.
 20

21 **E. Aiding and Abetting the Commission of Unfair and Deceptive Business**
 22 **Conduct.**
 23

24 93. NoteWorld, knowingly aided and abetted Nationwide and "front-end"
 25 debt adjuster affiliates, including FDC, in the commission of criminal, unfair, and
 26

1 deceptive practices, including practices violating chapters 18.28 and 19.86 RCW,
2 by giving substantial assistance that proximately caused harm to named Plaintiffs
3 and to NoteWorld Class members in their business and property.
4

5 94. Nationwide, knowingly aided and abetted NoteWorld and "front-end"
6 debt adjuster affiliates, including FDC, in the commission of criminal, unfair, and
7 deceptive practices, including practices violating chapters 18.28 and 19.86 RCW,
8 by giving substantial assistance that proximately caused harm to named Plaintiffs
9 and to Nationwide Class members in their business and property.
10

11 95. FDC knowingly aided and abetted Nationwide and NoteWorld in the
12 commission of criminal, unfair, and deceptive practices, including practices
13 violating chapters 18.28 and 19.86 RCW, by giving substantial assistance that
14 proximately caused harm to named Plaintiffs and to FDC Class members in their
15 business and property.
16

17 96. Defendants knowingly and substantially assisted by among other
18 things:
19

20 a. Offering to serve and serving as a processor of debt settlement
21 funds in respect of illegal debt settlement programs;
22
23
24
25
26

1 b. Offering to serve and serving as a “back-end” debt settlement
2 company performing debt adjusting services for “front-end” debt adjusting
3 companies;
4

5 c. Promoting illegal debt settlement programs to consumers and
6 contracting with consumers for such illegal debt settlement programs;
7

8 d. Assuming duties owed under chapter 18.28 RCW, or otherwise
9 acting as an agent in performing such duties, and performing those functions
10 in violation of chapter 18.28.RCW;
11

12 e. Keeping and maintaining debt settlement accounts in a fashion
13 other than as required under RCW 18.28.110(4);
14

15 f. Offering to assume authority, assuming authority, and
16 exercising authority to transfer consumer funds for purposes of paying
17 illegal and unowed fees;
18

19 g. Paying from the debt settlement accounts illegal, unfair,
20 deceptive and unowed fees;
21

22 h. Offering to assume authority, assuming authority, and
23 exercising authority to transfer consumers’ debt settlement funds out of the
24 state of Washington; and
25
26

i. Providing fast-track programs whereby affiliates could engage in unfair business practices directed at consumers, including practices violative of chapter 18.28 RCW.

97. At the time that assistance was rendered, Defendants were each generally aware of their respective roles in these wrongful activities.

98. NoteWorld, Nationwide, and FDC are each jointly liable for the entire loss suffered by the respective NoteWorld, Nationwide, and FDC Classes.

F. Breach of Fiduciary Duty by NoteWorld.

99. NoteWorld was and is a custodial agent of and trustee to Wheeler and NoteWorld Class members.

100. NoteWorld owed fiduciary duties to Wheeler and NoteWorld Class members to act loyally for the benefit of Wheeler and NoteWorld Class members in all matters respecting its custodial and trustee role, including the establishment, maintenance, and management of Wheeler's and NoteWorld Class members' debt settlement accounts and duty to safeguard Wheeler's and NoteWorld Class members' interests.

101. NoteWorld had a duty to use reasonable efforts to provide Wheeler and NoteWorld Class members with facts that NoteWorld knew, had reason to know, or

1 should have known were material to Wheeler's and NoteWorld Class members'
2 legal interests.

3
4 102. NoteWorld's fiduciary relationship to Wheeler and NoteWorld Class
5 members did not privilege conduct that was tortious or criminal.

6 103. NoteWorld negligently and intentionally breached duties owed to
7 Wheeler and NoteWorld Class members by, among other things:
8

9 a. Failing to disclose to Wheeler and NoteWorld Class members
10 that their debt settlement contracts, pursuant to which fund transfers were
11 being made, were void;
12

13 b. Failing to disclose to Wheeler and NoteWorld Class members
14 that fees being paid from their debt settlement accounts were both illegal and
15 unowed;
16

17 c. Initiating transfers of Wheeler's and Class members' money for
18 purposes of paying unowed, unfair, and illegal fees;
19

20 d. Establishing, maintaining, and managing debt settlement
21 accounts as an artifice for evading consumer protections, including
22 limitations on debt settlement fees;
23

24 e. Paying unowed, unfair, and illegal fees using Wheeler's and
25 NoteWorld Class members' funds; and
26

1 f. Elevating its own pecuniary interests above those of Wheeler
2 and NoteWorld Class members, thereby unjustly enriching itself at the
3 expense of Wheeler and NoteWorld Class members.
4

5 104. NoteWorld materially benefitted from its breach of fiduciary duties to
6 Wheeler and NoteWorld Class members.
7

8 105. As a proximate result of NoteWorld's breach of duties, Wheeler and
9 NoteWorld Class members suffered loss, damages, and/or injury and NoteWorld
10 was unjustly enriched.
11

12 **VI. CLASS CERTIFICATION**

13 106. Named Plaintiffs bring this action on behalf of themselves and on
14 behalf of the NoteWorld Class, Nationwide Class, and FDC Class.
15

16 107. Named Plaintiffs are members of NoteWorld Class, Nationwide Class,
17 and FDC Class.
18

19 108. Members of the subject Classes are so numerous that their joinder is
20 impracticable.
21

22 109. There are questions of law and fact common to the subject Classes,
23 including those identified in paragraph 113 below.
24
25
26

1 110. The claims and defenses of the named Plaintiffs are typical of the
2 claims and defenses of the respective NoteWorld Class, Nationwide Class, and FDC
3 Class.
4

5 111. Named Plaintiffs will fairly and adequately protect the interests of the
6 subject Classes.
7

8 112. Defendants have acted or refused to act on grounds generally
9 applicable to their respective Classes as a whole rendering certification appropriate
10 under Fed. R. Civ. P. 23(b)(2) with respect to injunctive relief sought in this
11 Complaint.
12

13 113. Core common questions of law and fact central to legal claims of each
14 Class predominate over individual questions, rendering certification of each Class
15 appropriate under Fed. R. Civ. P. 23(b)(3). Core common questions of law and fact
16 include:
17

18 a. Whether NoteWorld or Nationwide, or their "front-end"
19 affiliates, including FDC, are engaged in debt adjusting within the meaning
20 of chapter 18.28 RCW, or are otherwise subject to that statute;
21

22 b. Whether Class members' debt settlement contracts with "front-
23 end" debt settlement companies, including FDC, are *void ab initio*;
24
25
26

1 c. Whether standardized fees charged by NoteWorld or
2 Nationwide affiliates, including FDC, are criminally illegal or otherwise
3 constitute an unfair or deceptive business practice;
4

5 d. Whether NoteWorld's standardized practices with respect to the
6 maintenance and management of NoteWorld Class members' debt
7 settlement accounts violate chapter 18.28 RCW, or otherwise constitute
8 unfair or deceptive business practices, and whether NoteWorld should be
9 enjoined from such practices;
10

11 e. Whether NoteWorld, Nationwide and/or FDC knowingly and
12 substantially assisted one another, or "front-end" debt adjusting affiliates in
13 violating chapter 18.28 RCW and/or chapter 19.86 RCW;
14

15 f. Whether, at the time of assistance, each Defendant was
16 generally aware of its role in the overall wrongful activities;
17

18 g. Whether NoteWorld, Nationwide, and FDC were and are acting
19 in concert or pursuant to a common design;
20

21 h. Whether Defendants should be enjoined from business
22 activities violative of or in furtherance of violation of chapter 18.28 RCW or
23 chapter 19.86 RCW;
24
25
26

1 i. Whether NoteWorld's fees constitute fees for debt adjusting
2 services within the meaning of RCW 18.28.080(1); and
3

4 j. Whether members of each Class are uniformly entitled to
5 reimbursement of the amount of all payments made not distributed to
6 creditors.
7

8 114. The class device is a superior method of adjudicating Class members'
9 claims as compared to other available methods for fairly and efficiently
10 adjudicating this controversy. Members of the proposed Classes are financially
11 distressed individuals who are unlikely to have any meaningful recourse against
12 Defendants, absent collective pursuit of their claims under Fed. R. Civ. P. 23.
13 Washington residents, including members of each Class, remain unaware that the
14 debt settlement contracts are void, that fees being charged are illegal, or that
15 Defendants' conduct is otherwise wrongful. Class members are thus incapable of
16 protecting their interests on an individual basis. Claims of members of the Classes,
17 taken individually have negative value and cannot, as a practical matter, be litigated
18 on an individual basis.
19
20
21
22

23 VII. DEMAND FOR RELIEF

24 Plaintiffs therefore request, on behalf of themselves and the proposed
25 Classes, the following relief:
26

CLASS ACTION COMPLAINT AND
JURY DEMAND: 31

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1 1. An order certifying Class members' claims pursuant to Fed. R. Civ. P.
2 23(b)(3) and/or 23(b)(2), or certifying such issues as may be deemed appropriately
3 treated on a class basis;
4

5 2. An order appointing named Plaintiffs as representatives of each Class
6 and appointing undersigned counsel as Class counsel;
7

8 3. An order and decree issuing preliminary and final injunctive relief,
9 including relief identified in paragraphs 69, 79, and 87 of this Complaint;
10

11 4. An award of damages, jointly and severally, against each Defendant,
12 in an amount to be proven at the time of trial;
13

14 5. An order of disgorgement and restitution;
15

16 6. An award of exemplary damages against each Defendant in the
17 amount of three times the damages or loss suffered by each Class member;
18

19 7. An award of prejudgment interest;
20

21 8. An award of attorney fees, including those provided for in chapter
22 19.86 RCW;
23

24 9. An award of litigation costs; and
25

26 10. Such other declaratory or injunctive relief as the Court may deem fair
and equitable.

VIII. JURY DEMAND

Plaintiffs demand a trial by jury in this matter.

DATED this 24th day of June, 2010.

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